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Collins reaches accord with control board on bonds, other issues

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Harmony has broken out once again between Erie County Executive Chris Collins and the state-appointed control board.

They are in bliss because of these developments Friday:

First, the control board, despite its warnings, opted not to apply a firmer hand to

county finances. The members voted to remain in "advisory status" rather than re-enter a

"control period," when they can reject a county executive's financial moves and make him fume.

Minutes later, Collins reversed course and let the control board, rather than the

county comptroller, sell the long-term bonds that will raise this year's money for public

works projects and leave the control board feeling good about the tax dollars it has saved.

The project list includes an array of road and bridge repairs and upgrades to county parks

and buildings, including the Convention Center, Central Library and Ralph Wilson Stadium.

The control board, with its excellent credit rating, can borrow more cheaply than the government itself. So Collins said he will not pass up the control board's savings: \$21

million over 13 years.

With the control board standing down, and Collins letting it borrow, both are again on good

terms.

"There was no quid pro quo involved," control board Chairman Daniel C. Oliverio said.

"There is nothing that says we cannot work together in this community to produce a \$21 million

day for the county."

Collins used to say he would never let the control board take on long-term debt because it

would only continue a state oversight panel that reflects badly on the community. He and other

county officials harbored some hope that state leaders would usher the control board into

oblivion before its 2039 expiration date.

But standing with Oliverio at a news conference Friday, Collins said he is OK with the control board selling this year's bonds, all of which expire in 13 years.

"The savings outweigh my past concern about them existing at some level," he said.

Comptroller Mark C. Poloncarz was stunned.

With Collins' prior blessing, Poloncarz had been arranging this year's loan for major projects, at an interest rate of around 4 to 4.25 percent. Poloncarz had selected an underwriter after competitive bidding and obtained Legislature approval.

Just Thursday, the county executive and comptroller even went to court when they thought the

control board might try to block the county's sale.

"It blindsided me," Poloncarz said when reporters told him of Collins' new position Friday.

He predicted the news will also blindside the underwriter and the attorneys

completing the

documents necessary to sell bonds on Wall Street.

"I can tell you this, they are going to be shocked about the utter stupidity of the decision. But that's how Chris works," Poloncarz said of Collins. "Chris doesn't want to work

with his other partners in government."

Poloncarz said the control board overstates its \$21 million savings. He puts the savings

at \$7 million to \$10 million, which he says should be balanced against control-board operating

costs of more than \$500,000 a year.

"Maybe this was part of a deal he cut with the chairman of the Fiscal Stability Authority,"

Poloncarz said of Collins.

Collins and Oliverio insist there was no deal. Oliverio stressed that the control board was

going to accept Collins' four-year financial plan and remain advisory no matter what Collins

did.

The control board in recent weeks and months said it doubted Collins could balance the 2011

budget without a hefty property tax hike. The members threatened to exert their power to

reject Collins' financial decisions.

Then good news narrowed the projected deficit: Erie learned it could collect \$20 million in

2011 from another dollop of federal stimulus dollars flowing to counties that pay for their

Medicaid programs. And sales tax numbers received this week showed further signs of a rebound

here.

The control board will sell some \$174 million in bonds. About \$104 million will refinance

the one-year bond-anticipation notes the control board sold in 2009 as a way to move past the

government vs. control board feud and finally borrow some money. The rest of the \$174 million

will finance projects, including sewer projects.

Collins said that after talking with Oliverio and reviewing his numbers, he decided just

Friday morning to let the control board act as the county's borrowing agent for a long-term

deal. But the county executive alone cannot make it happen.

Collins will send the Legislature a formal message, a "declaration of need," asking the Legislature to go along.

Even with the Legislature factionalized, Collins predicts a two-thirds majority of lawmakers will ratify his decision.

"We all work for the taxpayers," he said.

Comments

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